

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

Re: ECF No. 17418

(Jointly Administered)

**FIFTH JOINT STATUS REPORT OF THE COMMONWEALTH OF PUERTO RICO
AND CONSUL-TECH CARIBE, INC.**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), on behalf of the Commonwealth of Puerto Rico (the “Commonwealth” or the “Debtor”),² pursuant to the authority granted to it under Act 2-2017, and Consul-Tech Caribe, Inc (“Consul-Tech” or “Movant”), respectfully submit this fifth joint status report (the “Fifth Joint Status Report”) in compliance with the Court’s *Order Setting Deadline for Further Status Report Regarding Consul-*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.).

² The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Debtors’ sole Title III representative pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”), authorized AAFAF to file this Fifth Joint Status Report on behalf of the Commonwealth.

Tech Caribe Inc's Motion for Allowance and Payment of Administrative Expense Claim [ECF No. 17418] (the "Fifth Joint Status Report Order").³

I. PROCEDURAL BACKGROUND

1. On May 3, 2017 (the "Petition Date"), the Debtor, by and through the Oversight Board as the Debtor's representative pursuant to section 315(b) of PROMESA, filed a petition with the United States District Court for the District of Puerto Rico under Title III of PROMESA (the "Title III Case").

2. On January 13, 2020, Movant filed the *Motion for Allowance and Payment of Administrative Expense Claim* [ECF No. 9845] (the "Administrative Expense Motion"), pursuant to section 503 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), requesting that the Court enter an order directing the Debtor to pay the amount of \$5,120,772.50 as an allowed administrative expense claim (the "Claim"). Movant asserted in the Administrative Expense Motion that the amounts allegedly owed by the Debtor are for post-petition services provided by Movant and that, as a result, Movant is entitled to administrative expense priority and immediate payment. See, *Administrative Expense Motion* at p. 21.

3. After several extensions of time requested by the Commonwealth to attempt to gather the necessary information to evaluate and reconcile the Claim, and investigate the allegations made in the Administrative Expense Motion while attempting to continue to negotiate a consensual resolution with Consul-Tech, on August 26, 2020, AAFAF, on behalf of the Commonwealth, filed an objection to the Administrative Expense Motion (the "Objection") [ECF No. 14114].

³ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Third Joint Status Report of the Commonwealth of Puerto Rico and Consul-Tech Caribe Inc.* (the "Third Joint Status Report"). [ECF No. 16839].

4. On September 2, 2020, Consul-Tech filed its reply in response to the Commonwealth's Objection (the "Reply") [ECF No. 14168].

5. On September 16, 2020, the Court held a hearing to consider Consul-Tech's Administrative Expense Motion, the Objection, and the Reply (the "Hearing"). After evaluating the briefs as well as the arguments presented at the Hearing, the Court issued the *Order Denying Consul-Tech Caribe Inc's Motion for Allowance and Payment of Administrative Expense Claim* [ECF No. 14320] (the "Order"), denying the Administrative Expense Motion, without prejudice, and ordering the parties to meet and confer to attempt to resolve the Administrative Expense Motion consensually and to file a joint status report on or before March 16, 2021 at 5:00pm. [ECF No. 14320].

6. On March 16, 2021, in compliance with the Order, the Debtor and Movant filed the First Joint Status Report. [ECF No. 16082]. In the First Joint Status Report, the Debtor and Movant informed the Court that they had reached an agreement in principle for the consensual resolution of the Administrative Expense Motion and requested additional time to finalize the agreement.

7. On March 17, 2021, the Court issued the Second Joint Status Report Order, directing the parties to file a further joint status report on or before April 16, 2021, at 5:00 p.m. [ECF No. 16087].

8. On April 16, 2021, the Debtor and Movant filed the Second Joint Status Report. [ECF No. 16452]. In the Second Joint Status Report, the Debtor and Movant informed that AAFAF had exchanged a draft of a proposed settlement agreement with Movant. Nevertheless, the Parties needed additional time to review, incorporate changes and finalize the same.

9. On April 19, 2021, the Court issued the Third Joint Status Report Order, directing the parties to file a further joint status report on or before May 28, 2021, at 5:00 p.m. [ECF No. 16461].

10. On May 28, 2021, the Debtor and Movant filed the Third Joint Status Report. [ECF No. 16839]. In the Third Joint Status Report, the Debtor and Movant informed that the Parties continued to exchange comments and suggestions in connection with the draft of a proposed settlement agreement for the consensual resolution of the Administrative Expense Motion. Nevertheless, the Parties needed additional time to continue these discussions, incorporate changes and finalize the same.

11. On June 1, 2021, the Court issued the Fourth Joint Status Report Order, directing the parties to file a further joint status report on or before July 14, 2021, at 5:00 p.m. [ECF No. 16857].

12. On July 14, 2021, the Commonwealth filed an Urgent Consented Motion for Extension of Deadline to Submit Fourth Joint Status Report of the Commonwealth of Puerto Rico and Consul-Tech Caribe, Inc. [ECF No. 17333] which was granted by this Court [ECF No. 17338]. As a result, on July 15, 2021, the Debtor and Movant filed the Fourth Joint Status Report [ECF No. 17359]. In the Fourth Joint Status Report, the Debtor and Movant informed that the Parties continued to revise the proposed settlement agreement focusing on, among other things, providing for a proposed single transaction.

13. On July 19, 2021, the Court issued the Fifth Joint Status Report Order, directing the parties to file a further joint status report on or before **August 30, 2021, at 5:00 p.m.** [ECF No. 17418].

II. STATUS REPORT

14. Since the filing of the Fourth Joint Status Report, the Commonwealth and Movant have reached an agreement on the structure of the proposed transaction and, as a result, the Commonwealth has circulated to Movant a revised proposed settlement agreement which incorporates such changes. Nevertheless, the Parties need additional time to discuss the proposed changes, finalize the proposed settlement agreement and coordinate its execution.

15. Accordingly, the Debtor and Movant propose to submit a further status report to the Court on or before September 30, 2021.

Dated: August 30, 2021

San Juan, Puerto Rico

Respectfully submitted,

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